



ANNUAL REPORT 2007

Canada*West*
FOUNDATION

Cover: Mystic Beach in British Columbia, Canada

Photo by Lindsay Noechel

Canada *West*

FOUNDATION

In 1970, the **One Prairie Province? A Question for Canada Conference** was held in Lethbridge, Alberta. Sponsored by the University of Lethbridge and the *Lethbridge Herald*, the conference received considerable attention from concerned citizens and community leaders. The consensus at the time was that research on the West (including British Columbia and the Canadian North) should be expanded by a new organization.

To fill this need, the Canada West Foundation was established under letters patent on December 31, 1970. The first Canada West Council was elected in June 1973.

Since that time, the Canada West Foundation has established itself as one of Canada's premier research institutes. The Canada West Foundation pursues non-partisan, accessible research and active citizen engagement, and serves to stimulate debate on public policy issues through discussion papers, speakers, and conferences. These efforts are rooted in the belief that a strong West makes for a strong Canada.

The Canada West Foundation is a registered Canadian Charitable Organization (#11882 8698 RR 0001).



ANNUAL REPORT 2007

Canada *West* FOUNDATION

Our Vision

A dynamic and prosperous West
in a strong Canada.

Our Mission

A leading source of strategic
insight, conducting and
communicating non-partisan
economic and public policy
research of importance to the
four western provinces and all
Canadians.



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James K. Gray

MESSAGE FROM THE CHAIR

2007 was a turbulent year. In Saskatchewan, the long-running New Democrat administration was defeated, and the Saskatchewan Party celebrated its first victory. Many sectors of the Canadian economy were hit by the rising Canadian dollar and the looming recession facing our largest trading partner. But through all this, the West remained strong, and the Canada West Foundation continued its work to help keep the West strong, reporting on not just the challenges and opportunities of today, but those lurking just past the horizon.

The global problem of climate change became more and more of a hot-button topic. Al Gore's Oscar for *An Inconvenient Truth*, Governor Schwarzenegger's enthusiasm for how tackling climate change could boost California's economy and other such happenings began to move the issue of climate change away from the question of "is it happening?" and toward asking "what's to be done?"

And it is here that the Canada West Foundation joined the debate, leading the charge for a Canada-wide energy strategy built not solely in Ottawa, but by westerners as well. The Getting it Right Project calls for a new Canadian energy strategy designed for a carbon-constrained world, and for the needs of the West, economic and otherwise, to play a key role in the strategy's creation.

The high Canadian dollar and the downturn of the US housing market had a troubling impact on Canadian industry, but the economies of the West stayed strong. Be it energy in Alberta or agriculture in Saskatchewan, the West's economies are weathering the storm. And so in 2007, the Canada West Foundation continued its focus on keeping the West economically strong in the decades to come.

The Investing Wisely Project focused on how Alberta's current resource wealth could help achieve prosperity beyond the current boom, and build a better future. A series of ten recommendations to achieve this were presented in the book *Alberta's Energy Legacy: Ideas for the Future*.

But what of the West as a whole? How can all of the western provinces, and all of Canada, best position themselves to stay strong in a rapidly changing global environment? The Going For Gold Project was launched in 2007 to tackle this very question. Through research papers by top thinkers, roundtable meetings, and a major international conference, the Going For Gold Project examines the challenges that will face the Canadian economy not just today, but in ten or twenty years, and how the western provinces can compete in the international market.

The younger generation certainly has a great deal of interest in Canada's long-term future. The Canada West Foundation worked to connect with the future business and community leaders of the West: through October's Generating Wealth Summit, the Foundation connected directly with fifty-two business leaders and entrepreneurs from across the West, all under the age of forty. And through the research of the NEXT West Project's Generational Transformations Initiative, the Foundation looked for ways in which the younger generation can become more engaged in Canadian politics, the way young Americans have been energized by Senator Barack Obama.

While the times do seem good right now, western Canadians can no longer be satisfied with a prosperous today. The time is right to lay the groundwork for a bountiful tomorrow, and for many tomorrows to come. The Canada West Foundation is working hard to see that the West, and all of Canada, remains competitive in the increasingly global economy.

I congratulate the staff of the Canada West Foundation for their efforts to achieve a strong West as part of a strong Canada, both today and tomorrow.



Roger Gibbins

MESSAGE FROM THE PRESIDENT

CLOSING THE GAP

In the turbulent seas of the contemporary economy, western Canada stands apart as an island of prosperity and growth. To this point the region has been spared any direct hits from the struggling American economy, and the global competition that threatens Canada's manufacturing heartland has generated strong demand for western resources.

As a consequence, we hear more and more about the impressive economic strength of the "new West." Until very recently, however, such commentary always included the important qualification that the region's economic strength is far more evident in Alberta and BC than in Manitoba and Saskatchewan.

The striking thing about today's boom is that this gap is finally being closed. For the first time in 35 years we are seeing strong patterns of growth that sweep across the region. Laudatory descriptions of the "new West" now apply to the region as a whole.

The term the "new West" dates back to the early 1970s when the Prairies finally began to shake off the catastrophe of the Great Depression. Agricultural and natural resource prices began to rebound, and in-migration from other parts of Canada resumed. Even international immigration started to show signs of modest growth, although Toronto, Montreal and increasingly Vancouver remained the real immigration magnets.

Western Canada's population grew by 72% between 1971 and 2006, compared to 42% for the rest of the country. Year in and year out, about 25,000 more Canadians moved into the West from the rest of the country than left the region for other parts of the country as the nation's economic centre of gravity began to move west.

However, virtually all of the population growth took place in Alberta and BC. The Saskatchewan and Manitoba economies were performing well for provincial residents, or at least for

those who chose to stay, but a lot of young residents were leaving and not many were arriving from other parts of Canada or abroad.

Over the past 35 years, the pace of population growth in Alberta and BC was ten times that of Saskatchewan, and five times that of Manitoba. Canada's east-west divide was being replicated within western Canada.

Today, this gap is beginning to close. It is not that the BC and Alberta economies are in trouble, but rather that growth in Manitoba and particularly Saskatchewan is white hot. Recent economic forecasts predict that either Saskatchewan (the Canada West Foundation forecast) or Manitoba will lead the country in economic growth in 2008.

Saskatchewan especially is enjoying the perfect economic storm. Resource prices are high, particularly for potash, gold, uranium, oil and gas. Expenditures on mineral exploration have grown by a factor of nine in only four years, and grain prices are enjoying a global boom. Saskatchewan led the country last year in the growth of housing starts, building permits and retail sales.

While conditions are not quite as strong in Manitoba, they are very good indeed. It is now possible, therefore, to speak of the booming western Canadian economy in truly regional terms, without the usual qualifier that conditions are not quite as strong in the eastern half of the region.

This dramatic change should further strengthen the West's position within the national economy, and within the national political system. Back in 1971, at the birth of the "new West," the region was divided. Now, in the "new West" of 2008, prosperity is widely shared as the region as a whole comes into its own. The Canada West Foundation could not have picked a better time to open offices in Manitoba (January 2008) and Saskatchewan (this fall)!

Organizational Overview

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Interns

Catherine Cone

John Millikin

Jillian Bollinger

Erin Mullinger

Matt Quail

Amy Maginley

Janine Marshall-Giles

Dave Snow

Photo by Brenda Smith



Victoria Bridge, Saskatoon, Saskatchewan

WESTERN CITIES PROJECT

The demographics of the West are shifting, with the region's cities are growing at a rapid rate. This makes the livability and economic prowess of our large cities more important than ever. Understanding the issues that cities must address to reach their potential is the goal of the Canada West Foundation's **Western Cities Project**. This project has provided decision-makers and the public with timely and accessible information on urban public policy issues since 2000.

The **Western Cities Project** has produced reports and recommendations on a wide range of urban policy issues, from infrastructure and the environment to intergovernmental relations and urban Aboriginal issues. Focuses of the project in 2007 include research into civic infrastructure, and the *Building Our Future* report, which tackled the increasingly vital issue of affordable housing. A key component of the Western Cities Project is the **Core Challenges Initiative**.

Core funding for the **Western Cities Project** in 2007 was provided by the Cities of Calgary, Edmonton, Regina, Saskatoon, Vancouver, and Winnipeg.

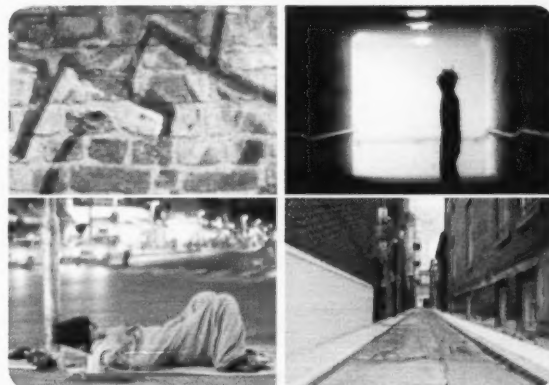
Our Work

CORE CHALLENGES INITIATIVE

Social challenges such as homelessness, the sex trade, and visible drug use tend to be concentrated in the downtown and inner city neighbourhoods of large urban areas. The **Core Challenges Initiative** (CCI), which was launched in 2006 and runs until the end of 2008, explores the nature of, and possible strategies for addressing, street level social challenges using six western Canadian cities—Vancouver, Calgary, Edmonton, Regina, Saskatoon, and Winnipeg—as case studies.

In 2007, after many busy months of meetings with people who work directly with street level social issues, the first CCI reports were released in September. *Hard Times: A Portrait of Street Level Social Problems in Western Canada* and *Caring Cities? Public Opinion and Urban Social Issues in Western Canadian Cities* were each successful in bringing the issues of the CCI into public debate, both through reader response and media coverage.

Core funding for the CCI is being provided by the Cities of Vancouver, Calgary, Edmonton, Regina, Saskatoon, and Winnipeg; an Anonymous Foundation; The Calgary Foundation; The Winnipeg Foundation; and the United Ways of the Lower Mainland, Calgary and Area, the Alberta Capital Region, Regina, Saskatoon and Area, and Winnipeg.



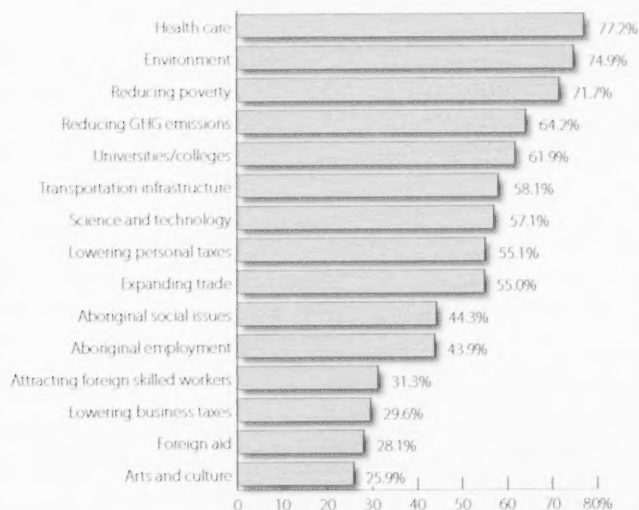
Our Work

LOOKING WEST SURVEY

In 2001, the Canada West Foundation set in motion the Looking West Survey series to provide a window into the opinions and priorities of western Canadians. The fifth instalment of the survey was conducted in February and March of 2007, and focused on life in western Canada's big cities. The survey also included residents of Toronto for comparative purposes.

The Looking West Survey findings were published in a series of five reports, which collected the opinions of residents of Vancouver, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, and Toronto on urban environment, policy priorities, transportation, social challenges, and quality of life. A sixth report, *Caring Cities? Public Opinion and Urban Social Issues in Western Canada*, was released as part of the **Core Challenges Initiative** and a summary report called *City Views* was published.

Very High/High Priority Public Policy Issues in Western Canada, 2008



Survey question: "I am now going to ask you some questions about the importance of a few specific public policy issues. Using a scale of 1 to 5, with 1 meaning it is a very low priority for you, 3 meaning it is a medium priority, and 5 meaning it is a very high priority for you, please rate each of the following."



Photo by Jason Azmer

Francis Fukuyama addresses the Generating Wealth Summit

THE NEXT WEST PROJECT

The challenge for public policy is to figure out where the world is going to be so that the right policies are in place at the right time. The **NEXT West Project** engaged a wide variety of western Canadians to generate and debate the public policy strategies best able to promote economic prosperity and quality of life in the region over the long-term.

In 2007, a key component of the **NEXT West Project** was the Generating Wealth Summit, which gathered 52 business leaders and entrepreneurs under the age of 40 to discuss the factors they believe will shape the economy over the next 10 to 20 years.

Core funding for the **NEXT West Project** was provided by Western Economic Diversification Canada and the Kahanoff Foundation. Additional funding has been provided by an Anonymous Foundation, the Canada West Foundation Founders' Endowment Fund, Canadian Western Bank, CN, Petro-Canada, Phillips, Hager & North Investment Management Ltd., Teck Cominco Limited, and SaskEnergy.

GETTING IT RIGHT

The international and national climate change debates are unfolding with increasing speed. Governments around the globe, and certainly governments across Canada, agree on the need to reduce greenhouse gas emissions.

Given that climate change policy debates rotate around how we produce and use energy, the climate change debate will trigger a corresponding debate on energy policy. It is therefore an appropriate time to ask a basic question: *what are the energy policies we need as a country for a carbon-constrained world?*

With the **Getting it Right Project**, the Canada West Foundation is taking the lead to encourage the development of an integrated, effective energy policy framework that works for our country and helps tackle global climate change. As we will argue throughout the process, there has never been a better time for western Canadian policy leadership on the national stage.



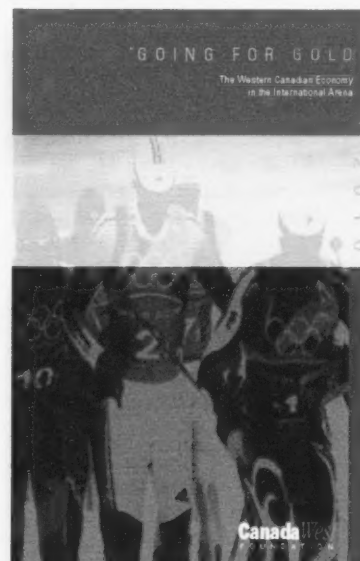
Our Work

GOING FOR GOLD

Western Canada's economic prosperity is not only good for the West, but for Canada as a whole. But the West can not rest on its laurels. Like the athletes training for the forthcoming Winter Olympics in Vancouver, western Canada needs to be at the top of its game if it is to continue to compete successfully in the international economic arena, especially as its competitors step up their games. If we are not successful, our standard of living will fall.

The **Going For Gold Project** is examining how best to position western Canada in the global economy through a series of research papers, provincial research roundtables, public opinion and expert surveys, and will end with a seminal international economic conference in Vancouver in the fall of 2009.

Core funding for the **Going For Gold Project** is provided by Western Economic Diversification Canada, and the Provinces of British Columbia (Economic Development), Alberta (Employment, Immigration and Industry), Saskatchewan (Enterprise and Innovation), and Manitoba (Competitiveness, Training and Trade).



Our Work

WESTERN ECONOMY

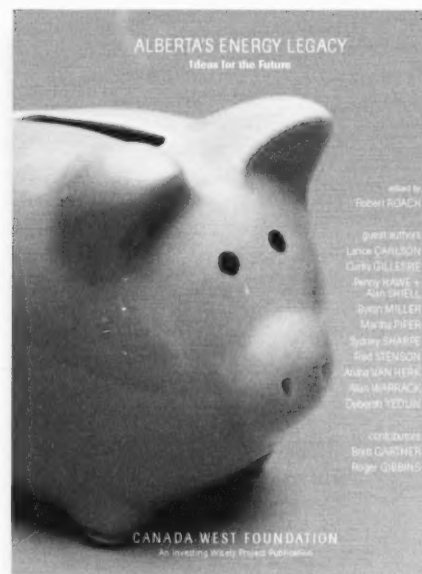
The goals of the **Western Economy Project** are to monitor economic conditions in the four western provinces, and communicate the economic conditions of the West and the advantages thereof to the national and international communities. A key part of the project is the provincial economic profiles and forecasts: four of these are released each year, one for each of the four western provinces. In addition, the Canada West Foundation performs a variety of economic research and helps stimulate debate on economic issues.

A new facet of the **Western Economy Project** is *Currents*, a monthly economic snapshot of the four western provinces, featuring a profile of a different city each month. *Currents* is sponsored by Canadian Western Bank.



Honourable Jim Flaherty, Minister of Finance for Canada addresses a Canada West Foundation luncheon in August 2007

Photo by Jason Arner

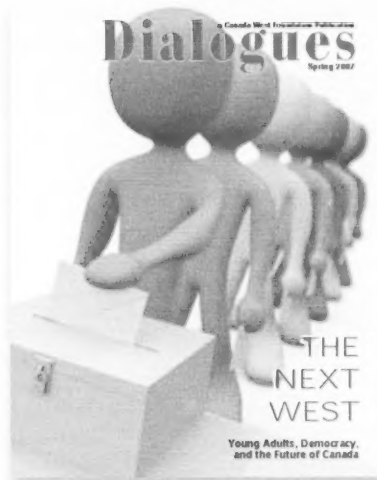


INVESTING WISELY

Alberta's economy has never been stronger. Employment is at a record high, the oil patch keeps the province's finances flush, and migration from other provinces and beyond brings a steady stream of new residents. But what of next year? Or ten years from now? Or twenty?

The **Investing Wisely Project** made the case for saving a larger portion of Alberta's non-renewable resource wealth to ensure prosperity for all Albertans. In 2007, the project shifted from calling for the money to be saved, and began looking at how the earnings on the savings could be used in transformative ways. Eleven thoughtful authors presented opinions for how the earnings generated by a super-sized Heritage Fund could be used: these opinions were collected in the book *Alberta's Energy Legacy: Ideas for the Future*, which was released in November.

Dialogues TRANSITIONS TO Window on the West



2007 saw the end of one quarterly magazine and the beginning of a new one. *Dialogues*, which for years provided thought-provoking discussion on key issues facing western Canada, was discontinued in December of 2007. After evaluating the communications tools used by the Canada West Foundation, the decision was made

to streamline materials into one new and improved magazine called *Window on the West*.

window

on the West

WINDOW ON THE WEST

Window on the West is a quarterly look into the policy and economic issues facing the four western provinces. The magazine combines regional perspectives from each of the four western provinces, research findings from Canada West Foundation staff, interviews with government, community and business leaders and editorials from top thinkers across the West.

Our Work

LAND STEWARDSHIP

The **Land Stewardship Initiative** examines innovative policy solutions that require or enable land users to maintain and preserve natural capital.

In 2007, the Canada West Foundation hosted a major event for the **Land Stewardship Initiative**: the *Policy Pioneers Conference*, which brought together pioneers of innovative public policy with stakeholders and decision-makers to discuss land stewardship options.

Funding for the **Land Stewardship Initiative** is provided by the Agriculture and Food Council of Alberta and the Investment Agriculture Foundation of British Columbia under Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food (ACAAF) program, Alberta-Pacific Forest Industries Inc., Alberta Sustainable Resource Development, AltaLink, the Arthur J.E. Child Foundation, Ducks Unlimited Canada, EnCana Corporation, Shell Canada Limited, Suncor Energy Foundation, and Westcorp Inc.



Honourable Ted Morton, Minister of Sustainable Resource Development for Alberta addresses the Policy Pioneers Conference

Photo by Jason Arner

Our Support

THE HONOURABLE JAMES A. RICHARDSON DISCOVERY ROUNDTABLES

Among the many civic contributions made by the Honourable James A. Richardson during his lifetime was his role as one of the four founders of the Canada West Foundation. In fact, it was a suggestion by Minister Richardson at the **One Prairie Province? Conference** in 1970 that led to the creation of the Foundation as a registered Canadian charity on December 31, 1970.

Under the auspices of a generous donation to the Canada West Foundation Founders' Endowment Fund by the Richardson family, the Canada West Foundation launched a new program called the Honourable James A. Richardson Discovery Roundtables in 2007. Inaugural roundtables were held in Winnipeg (March 14, 2007) and Vancouver (September 24, 2007).

The roundtables are intended to seek out new thinking to strengthen the voice of western Canadians and to discuss creative ideas for democratic reform, increasing economic prosperity and enhancing quality of life.

In 2008, roundtables are being held in Vancouver, Calgary, Edmonton, Saskatoon, Regina, and Winnipeg. Urban policy opportunities and challenges is the theme of the 2008 roundtables.

The Canada West Foundation expresses its sincere thanks to the Richardson Family for making these events possible.

PHILANTHROPY CLUB

Philanthropy Club, the Canada West Foundation's innovative fundraising initiative, sponsored by the *Calgary Herald*, entered its second year in 2007. Seven teams of Canada's leading investors and investment advisors invested one million dollars each, with the return on investment being pledged to the Canada West Foundation's Founders' Endowment Fund. This year's champion team was Carolyn Hursh, Mary Rose McGuire, Hartley Richardson, Royden Richardson, H. Sanford Riley + Richardson Partners Financial Limited.

Allan MacKenzie, Brent McLean, Tony Vanden Brink + McLean & Partners Wealth Management Ltd. were ahead at the end of April with a 3.71% return, but by the end of the second quarter the Richardson Partners Financial team had seized the lead with a return of 5.74%. They held this lead through the third quarter, expanding their return to 8.24%, which by the end of the 11 months swelled to 12.21%, making them the 2007 Philanthropy Club Champions.

The achievements of the Philanthropy Club teams were celebrated at a dinner featuring guest speaker Andrew Coyne, National Editor of Maclean's magazine. Together the 2007 Philanthropy Club teams met the challenge of a volatile market, succeeded with their investment strategies and raised a total of \$447,300, exceeding the Foundation's goal of \$400,000!



Photo by Jason Azmer

Andrew Coyne, National Editor of Maclean's magazine addresses the Canada West Foundation Philanthropy Club Award Dinner

Our Support

Canada West Foundation PHILANTHROPY CLUB

2007 PHILANTHROPY CLUB TEAMS

Carolyn Hursh, Mary Rose McGuire, Hartley Richardson,
Royden Richardson, H. Sanford Riley + Richardson
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Allan MacKenzie, Brent McLean, Tony Vanden Brink
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Ken Bruce, Brian Felesky, Jim Gray
+ Brookfield Asset Management Inc.

Ronald P. Mathison + Matco Financial Inc.

TransAlta Corporation + Front Street Capital

Photo by Jason Atmer



Philanthropy Club Award winners (L to R) Hartley Richardson, Royden Richardson Carolyn Hursh, Mary Rose McGuire, H. Sanford Riley and Calgary Herald Publisher Malcolm Kirk.

FOUNDERS' ENDOWMENT FUND

The Founders' Endowment Fund is a permanent fund created in 1996 and named to honour the four founding members of the Canada West Foundation: G. Maxwell Bell, Arthur J. E. Child, Frederick C. Mannix, and the Honourable James A. Richardson. Based on generous donations from the families and estates of all four founders, and grown through \$2 million in donations from the two years of Philanthropy Club, the market value of the fund as at December 31, 2007 was \$7,513,632.



G. Maxwell Bell



Arthur J. E. Child



Frederick C. Mannix



Honourable James A. Richardson

Our Support

MEMBERSHIP PROGRAM

In 2007 the Canada West Foundation launched a new Membership Program which was embraced by many individuals, corporations and foundations across Canada who wished to demonstrate their support for the Canada West Foundation's work to build a dynamic and prosperous West in a strong Canada.

The 200 Members from across the country generously contributed \$256,000 towards the Foundation's ground-breaking and innovative research work. Financial support from Members is much appreciated and allows the Canada West Foundation to remain on the cutting edge of policy analysis in western Canada. All Members received the Foundation's newsletters, magazines and research publications, and invitations to events in each of the four western provinces.

The Canada West Foundation is most grateful for the generosity of all its Members and acknowledges those donors who have contributed over \$500.

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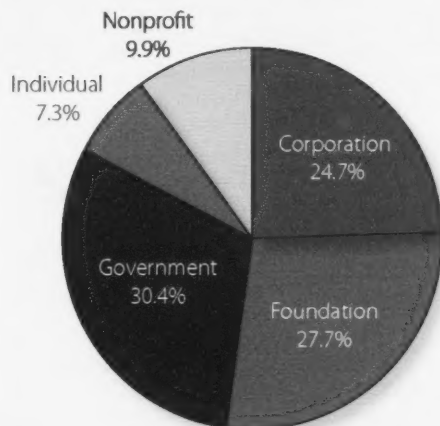
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OF ALBERTA AND THE INVESTMENT
AGRICULTURE FOUNDATION OF
BRITISH COLUMBIA UNDER AGRI-FOOD
AND AGRICULTURE CANADA'S ADVANCING
AGRICULTURE AND AGRI-FOOD (ACAAF)
PROGRAM
THE CALGARY FOUNDATION
THE CALGARY HERALD
THE KAHANOFF FOUNDATION
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SARA JANE THOMSON
TRANSALTA CORPORATION
UNITED WAY OF CALGARY & AREA
UNITED WAY OF THE LOWER MAINLAND
WESTERN ECONOMIC DIVERSIFICATION CANADA
WESTMEAD LIMITED

In Memoriam:
ROY E. LLOYD, BOARD DIRECTOR 1995-2004

NOTE: This information has been derived from the audited financial statements of the Canada West Foundation for the year ended December 31, 2007. A copy of the audited statements is available upon request.

CANADA WEST FOUNDATION Statement of Financial Position, December 31, 2007, with comparative figures for 2006

		2007	2006
Assets	Current assets:		
	Cash and cash equivalents	\$ 97,965	\$ 197,047
	Accounts receivable	215,676	309,365
		313,642	506,412
	Investments (note 4)	7513,632	6,420,982
	Furniture and equipment (note 6)	54,120	51,293
		\$ 7,881,393	\$ 6,978,687
Liabilities and Net Assets	Current liabilities:		
	Accounts payable and accrued liabilities	\$ 118,041	\$ 170,839
	Deferred contributions (note 7)	227,587	413,722
		345,628	584,561
	Net assets:		
	Invested in furniture and equipment	54,120	51,293
	Restricted for endowment purposes	5,697,858	5,201,877
	Internally restricted (note 5)	832,047	660,507
	Unrealized gains (losses) on available for sale investments	639,589	-
	Unrestricted	312,151	480,449
		7,535,765	6,394,126
	Commitments (note 9)		
		\$ 7,881,393	\$ 6,978,687

CANADA WEST FOUNDATION Statement of Revenues and Expenses, Year ended December 31, 2007, with comparative figures for 2006

		2007	2006
Revenue	Special projects and donations	\$ 1,928,161	\$ 2,178,013
	Investments and other income	370,314	222,094
	Members and subscribers	269,738	120,750
	Net realized capital gains	173,866	27,813
	Publication sales	4,452	616
		\$ 2,746,531	\$ 2,549,286
Expenses	Research programs and special projects	\$ 2,267,811	\$ 2,026,869
	General and administrative	454,049	377,467
	Depreciation	18,602	17,986
		\$ 2,740,462	\$ 2,422,322
Excess of revenue over expenses		\$ 6,069	\$ 126,964

See accompanying notes to financial statements.

Canada West Foundation (the "Foundation") was formed to engage in research and education in the area of economic, social and public policy. The Foundation is a not-for-profit organization under Section 149(1) of the Income Tax Act and accordingly is not taxable on the revenues it receives and earns from operations.

1. Significant accounting policies:

- (a) Cash and cash equivalents:
The Foundation considers all highly liquid investments that are readily convertible to cash or with an original maturity of three months or less to be cash and cash equivalents. These consist of cash and term deposits.
- (b) Furniture and equipment:
The computer equipment, phone system and furniture are recorded at cost. Depreciation is provided on a declining balance basis at an annual rate of 30%.
- (c) Revenue recognition:
The Foundation follows the deferral method of accounting for contributions. Deferred contributions are revenues received in the current year that are used for projects in the upcoming years. Special projects, corporate donations and membership revenues are recognized when payments are made or committed. Donations received in kind are recorded at fair market value, determined at the date the donation is made. Endowment contributions are recognized as a direct increase in net assets.
- (d) Investments:
Using the available for sale classification, investments are recorded at fair value at each balance sheet date as established by the closing bid price for trading on the recognized exchange on which the investment is listed or principally traded. Realized interest and dividend income are recognized as they are earned or declared and realized net capital gains or losses are recognized in the statement of revenue and expenses. Unrealized gains or losses are recognized in net assets and are transferred to earnings when the investment is derecognized.
- (e) Use of estimates and assumptions:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Areas requiring management estimates relate to the fair value of investments, the collectibility of accounts receivable and the useful life of furniture and equipment. Actual results may differ from these estimates.

2. Change in accounting policy:

Effective January 1, 2007 the Canada West Foundation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): "Financial Instruments - Recognition and Measurement", "Hedges" and "Financial Instruments - Disclosure and Presentation". These new standards have been adopted prospectively.

All financial instruments must be initially recognized at fair value of the balance sheet date. The Foundation classified each financial instrument into the following categories; held for trading financial assets and liabilities, loans or receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial assets are recognized in earnings. Unrealized gains and losses on available for sale financial assets are recognized in net assets as unrealized gains (losses) on available for sale investments and are transferred to earnings when the asset is derecognized. The other categories of financial instruments are recognized at amortized costs using the effective interest rate method.

Upon adoption of these standards on January 1, 2007, the Foundation has classified cash and investments as available for sale, accounts receivable as loans and receivables, and accounts payable and accrued liabilities and deferred contributions as other liabilities. There are no accounts classified as held for trading or held to maturity.

On adoption of these standards, the Foundation recognized an unrealized gain on available for sale investments of \$1,031,825 recorded as a component of net assets.

3. New accounting pronouncements:

Financial instruments - disclosures and presentation:

In December 2006, the Accounting Standards Board ("ASB") issued new standards relating to "Financial Instruments - Disclosures" and "Financial Instruments - Presentation", which replaces the current standard "Financial Instruments - Disclosure and Presentation". The new standard outlines the disclosure requirements for financial instruments and non-financial derivatives. This guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. Specifically, it requires disclosure of the significance of financial instruments for a company's financial position. In addition, the guidance outlines revised requirements for the disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments.

The presentation requirements are relatively unchanged and are effective for the Foundation on January 1, 2008. The Foundation is currently determining the impact of these additional disclosure requirements.

Capital disclosures:

New standards were issued for Capital Disclosures requiring disclosures regarding an entity's objectives, policies and processes for managing capital. These disclosures include a description of what the Foundation manages as capital, the nature of externally imposed capital requirements, how the requirements are incorporated into the Foundation's management of capital, whether the requirements have been complied with, or consequences of non-compliance and an explanation of how the Foundation is meeting its objectives for managing capital. In addition, quantitative data about capital and whether the Foundation has complied with all capital requirements are also required.

The standard is effective for the Foundation on January 1, 2008. The Foundation is currently determining the impact of these additional disclosure requirements.

4. Investments:	Cost (2007)	Market Value (2007)	Cost (2006)	Market Value (2006)
Common stocks	\$ 3,121,073	\$ 3,749,757	\$ 2,288,455	\$ 3,240,066
Government and corporate bonds	3,723,304	3,734,209	3,170,488	3,250,702
Cash	29,666	29,666	962,039	962,039
	\$ 6,874,043	\$ 7,513,632	\$ 6,420,982	\$ 7,452,807

5. Net asset balances:

No distribution of endowment capital is permitted. During the year, the Foundation received endowment contributions of \$495,981 (2006 - \$2,100,627), which have been recognized as a direct increase to the endowment capital.

In October 2006, the Board approved a motion effective January 1, 2007 to allow for the use of 5% of the total endowments as at December 31, 2006 for operating purposes. The internally restricted funds for the year ended December 31, 2007 were \$171,540.

6. Furniture and Equipment:

	Cost	Accumulated Depreciation	Net Book Value 2007	Net Book Value 2006
Computer equipment	\$ 169,540	\$ 133,987	\$ 35,553	\$ 37,130
Phone system	17,920	15,112	2,808	4,012
Furniture	59,846	44,087	15,759	10,151
	\$ 247,306	\$ 193,186	\$ 54,120	\$ 51,293

7. Deferred Contributions:

	2007	2006
Balance, beginning of year	\$ 413,722	\$ 244,725
Contributions received	574,200	765,200
Recognized as revenue	(760,335)	(596,203)
	\$ 227,587	\$ 413,722

Contributions received are recognized as revenue on special projects when expenditures are incurred.

8. Operating loan:

The Foundation has access to a \$100,000 revolving operating facility due on demand and bearing interest at bank prime rate plus 1.0%. The facility is secured by a general security agreement and business loan insurance in the amount of \$100,000. As at December 31, 2007 and 2006 no funds have been drawn on this facility.

9. Commitments:

The Foundation has entered into certain operating lease commitments for office space and equipment with future payments as follows: 2008 \$195,866; 2009 \$186,818; 2010 \$186,818; 2011 \$183,354; 2012 \$174,506 and thereafter \$16,800.

10. Financial Instruments:

(a) Fair values:

The carrying value of the Foundation's financial assets and liabilities, other than investments, approximates their fair market value of December 31, 2007 due to their short-term nature.

(b) Interest rate risk:

The Foundation is exposed to interest rate risk relating to the income earned on its interest bearing investments as most of these investments have a fixed interest rate for a specified period of time.

(c) Market risk:

Investments are subject to volatility and market conditions which cannot be controlled by the Foundation.

(d) Foreign exchange risk:

The Foundation is exposed to foreign currency fluctuations in relation to its holding in foreign equities and the income earned on these equities.

(e) Credit risk:

Credit risk arises from the potential for an investee to fail or for a counter-party to default on its contractual obligations to the Foundation. Credit risk is managed by the Foundation's fund managers and is governed by the statement of investment policy approved by the Foundation's Board of Directors.

2007 CANADA WEST FOUNDATION PUBLICATIONS

A Little Breathing Room: Alberta Economic Profile and Forecast by Brett Gartner
Alberta's Energy Legacy: Ideas for the Future edited by Robert Roach
Building the Future: Public Policy Considerations for Affordable Housing in Canada by Karen Wilkie
Caring Cities? Public Opinion and Urban Social Issues in Western Canadian Cities by Dr. Loleen Berdahl
City Views: An Analysis of the Looking West 2007 Survey by Dr. Loleen Berdahl
Conscious Cities: International Examples of Land Stewardship by Catherine Cone
Consistent Performance: Manitoba Economic Profile and Forecast by Brett Gartner
Currents Issues 1-4 by Brett Gartner
Equalization and the Fiscal Imbalance: Options for Moving Forward by Ken Boessenkool & Evan Wilson
Getting it Right: A Canadian Energy Strategy for a Carbon-Constrained Future by Dr. Roger Gibbins
Hard Times: A Portrait of Street Level Social Problems in Western Canada by Dr. Loleen Berdahl & Karen Wilkie
Leading the Way: The BC/Alberta Economy by Brett Gartner
Let the Good Times Roll: British Columbia Economic Profile and Forecast by Brett Gartner
Looking West 2007: Segment 1 – Urban Environment by Dr. Loleen Berdahl
Looking West 2007: Segment 2 – Urban Policy Priorities and Assessing Governments by Dr. Loleen Berdahl
Looking West 2007: Segment 3 – Urban Transportation by Dr. Loleen Berdahl
Looking West 2007: Segment 4 – Urban Social Challenges by Dr. Loleen Berdahl
Looking West 2007: Segment 5 – Urban Quality of Life and Urban Growth by Dr. Loleen Berdahl
Market-Based Instruments for Ecological Goods and Services by Geneva Rae
Reasons for Optimism: Saskatchewan Economic Profile and Forecast by Todd Hirsch
Regional Governance Roundtable Summary Report by Dr. Kari Roberts
The Lay of the Land: An Inventory of Federal and Provincial Land Stewardship Policy in Western Canada by Bethany Beale & Geneva Rae
Western Cities Sourcebook by Jason Azmier
Window on the West edited by Dan Gibbins
Yard Work 5: Biodiversity Offsets by Erin Mullinger
You Get What You Pay For: Comparing Public and Private Sector Salaries by Brett Gartner

DIALOGUES PUBLIC POLICY MAGAZINE

What is TILMA? Examining the Trade, Investment, and Labour Mobility Agreement Between BC and Alberta (Winter 2007)
The NEXT West: Young Adults, Democracy and the Future of Canada (Spring 2007)
Land Stewardship (Summer 2007)

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